

General Terms of Delivery and Payment

1. General points and scope of application

The following delivery conditions apply to all business transactions between the supplier (ourselves) and the customer. **They invariably take precedence over any contrary provisions that may be stipulated by the customer or may be found on his documentation, unless we expressly accept such provisions in writing.**

Unless such a contrary written agreement has been concluded, these conditions apply to all present and future business transactions, even where no express reference is made to these conditions in connection with placing a specific order within the scope of an existing business relationship, such as with orders placed via the telephone.

The purchaser tacitly agrees to comply with these conditions by accepting the goods, even if he does not do so explicitly. This applies also and especially if any declarations to the contrary (divergent purchasing conditions) are asserted by the purchaser when making an order or receiving an order confirmation, and these remain uncontested by us.

Any restrictions on delivery and use that we impose on the customer must be transferred to a third party to whom the delivery item is forwarded.

2. Quotations

Our quotations are subject to change without notice, i.e. we reserve the right to accept or reject the order on the basis of the offer.

We reserve our legal title and copyright to all quotations, cost estimates, drawings, drafts, circuit diagrams and other documents. These documents are entrusted personally to the customer and may neither be made available to third parties nor copied **without our written approval.** They must be returned to us upon our initial request. Noncompliance obliges the purchaser to pay full damage compensation and entitles us to withdraw from the agreement.

Framework orders are accepted within a 12 month time frame from the order date onwards and only under the precondition that 50% of the volume is consumed within 6 months and not split into more than 12 order lines, each of which is a multiple of the minimum order quantity.

Every order shall be considered as accepted only after all its details have been clarified and after our express written confirmation.

3. Prices and conditions of payment

Unless otherwise agreed, all prices are understood to be in Swiss francs and apply from Biel, **excluding packaging, postage and insurance.** The acceptance and execution of orders may be made dependent on a surety or advance payment. If **procurement prices increase** during order processing, due to price increases by subcontractors, additional fiscal charges, customs increases, higher transport costs, major currency fluctuations or similar factors, **we reserve the right to make a corresponding price adjustment.** The Power Integrations price list is mandatory: an updated version is issued on every first working day of each calendar quarter, valid during one quarter for new orders and offers. The validity of prices for confirmed orders is 12 months from the order date onwards. Furthermore, the supplier guarantees the validity of prices offered by the distributor for at most 12 weeks after issue of the offer from distributor to end-customer. If the latter amounts to a price increase, the customer is entitled to withdraw from the order if this increase is not revoked in response to his immediate written request.

If the price is given in foreign currency, and this currency becomes devalued against the Swiss franc after the quotation or order confirmation, the price shall be increased in proportion to the devaluation.

Unless otherwise agreed, all goods are packaged with our packaging.

The packaging will be invoiced at its production cost and shall not be taken back without special agreement. The mode of transport and dispatch shall be selected by us. If the customer requests alternatives, he shall bear the extra costs.

Our respective flat-rate supplements shall be charged for small invoices, COD parcels as well as urgent deliveries.

The invoiced sums are payable strictly net without any deductions, as specified by the relevant payment conditions. If the payment period elapses without payment being made, a delay shall be assumed. In addition to the reminder charges, the purchaser is then liable to pay us interest on arrears of 1% of the outstanding sum for each started month.

Any claims asserted by the purchaser on the basis of the warranty or due to alleged defects do not release him from the obligation to pay pending a legally binding court decision.

If the purchaser fails to observe the agreed payment conditions, or in particular delays making payment wholly or in part, then all payments due to us, including those from other agreements, must be settled immediately.

If a purchaser delays payment, we can, without jeopardizing our other legal rights, refuse to make further deliveries from this or another agreement, or make these dependent on an advance payment or surety.

Any delays in payment by the purchaser, including from other transactions, entitle us to redeem goods subject to the reservation of proprietary rights, which in itself alone does not constitute withdrawal from the agreement. The purchaser shall receive a credit voucher for the current value of the goods redeemed in this way.

Refusal to accept ordered goods does not release the purchaser from paying the purchase price.

In the event of a delay in accepting goods or making payment, all dunning and collection expenses inclusive of any out-of-court lawyers' fees and expenses shall be borne by the purchaser.

Payment by bill of exchange requires our written consent. In such a case we are entitled to demand the customary bank discount charges. Checks and bills of exchange become valid as payment only when they are redeemed.

The customer's right to offsetting transactions is expressly excluded.

We shall assure legal verification of invoices by the Chamber of Commerce at the original cost upon request.

4. Performance of delivery

Our order confirmation forms the basis for the scope and execution of the delivery.

A delivery is considered to be performed and its benefits and risks transferred to the customer when the delivery item has left our business premises or, in the event of direct delivery, those of the subcontractor. This also applies when post- or carriage-paid delivery of the goods has been agreed. Transport takes place at the customer's cost and at his own risk. If the latter gives no information about the mode of dispatch, we shall make the necessary arrangements on his behalf. In the event of **transport damage**, we recommend that the customer accepts the delivery only with reservation and immediately **records** the details together with the haulage contractor. We shall grant the customer all reasonable help in asserting any damage compensation claims vis-à-vis the haulage contractor.

Insurance cover against all types of damage must be arranged by the customer. Even if it has to be arranged by us on the basis of special agreements, it is considered as concluded on behalf of the customer at his cost and at his own risk.

If the delivery is delayed for reasons beyond our control, it will be stored at the customer's cost and risk.

The customer is obliged to inspect the delivery item within eight working days of its receipt and to notify us of any defects immediately in writing.

If the delivery proves not to comply with the order, the customer must notify us of this immediately.

No returns shall be accepted without prior notification.

5. Delivery time

We shall endeavor at all times to observe the delivery times specified and carefully calculated by us, even in the event of the occurrence of unforeseen difficulties, but we cannot give any legal guarantee of this. The specified delivery times are based on the circumstances prevailing at the time the quotation was issued. These times run from the date of order confirmation and apply up to the moment at which the delivery item leaves our business premises. The delivery times may be implicitly extended in the event of unforeseen obstacles such as force majeure, scarcities, decisions by public authorities, impoundment, embargo, war, mobilization, strike, lock-outs, civil commotion or other circumstances such as a lack of suitable transport, factory accidents, fire and epidemics. However, the customer is entitled to withdraw from the agreement if we are unable to honor a period that he has set for subsequent fulfillment that corresponds at least to the original delivery time – but at least 90 days. All further claims are excluded.

The time period for subsequent fulfillment starts as soon as we have been notified of the specified period. We reserve the right to withdraw from the agreement if the fabrication or delivery becomes exceptionally difficult or impossible within this specified period. **In such a case, we are not obliged to make a later delivery when the obstacles have been removed. Any liability for subsequent impossibility or impairment of delivery is excluded, irrespective of whether we or the customer withdraw from the agreement.**

Every delivery period shall be extended by an appropriate time if we fail to receive data or documentation for the order in good time, if these are subsequently changed by the customer with our approval, or if advance payment is delayed.

Damage compensation claims due to delayed or missing deliveries are excluded.

6. Guarantee and liability

The guarantee conditions of the manufacturers apply to commercial goods. Unless otherwise agreed, the guarantee shall be limited to the quality of the products. The guarantee period begins on the day of invoicing. Notification of defects must be made in writing within eight working days from the invoice date and must be substantiated.

As soon as a defect has been noted, immediate written notification must be made, otherwise the goods count as accepted also with respect to this defect.

The claims of the purchaser invariably lapse if they are not asserted in court within 30 days of dispatch of the goods.

The guarantee granted by us on our products comes into force only when the **following conditions** are satisfied:

- the customer has fulfilled **all his payment obligations**;
- the operating and installation directions** have been observed; it is up to the customer especially to prevent **harmful environmental effects**. We reject any liability for damages resulting from such effects.

We assume warranty for all faults occurring within the guarantee period as long as they have been shown to result from poor material or defective fabrication.

The guarantee liability for electronic components such as semiconductors, semiconductor circuits and modules as well as electro-technical components lapses when they are soldered in place.

Our liability is restricted, by our choice, to the **replacement of defective products or parts or to reimbursement of the reduced market value of the goods as**

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determined by us. Damage compensation claims – on whatever legal basis, especially for direct or indirect consequential damages – are expressly excluded, apart from cases of gross negligence or deliberate action, when liability is mandatory. We never accept liability for any indirect damages that may be incurred by the customer or a third party as a result of using a defective product.

Our product specifications are based on experience, theoretical considerations or experimental results obtained in the laboratory under appropriate conditions. They are consequently not binding for us and should be checked by the customer under close-to-practice conditions. Every user or consumer of our products should check their suitability for his intended purpose before using them. He expressly accepts all risks associated with the use of the product and bears sole responsibility for any resulting damages.

Defective products or constituents may be sent to us only after prior notification and with our agreement. Transport costs for products or parts that are sent to us as defective shall be borne by the customer. With the defect notification we acquire the right to have the notified damage checked by an employee or expert of our choice. If the goods are not recognized by us as defective, the customer shall bear the costs for the necessary checks and examinations. Any parts to be replaced become our property and must be returned to us upon request.

The purchaser is not entitled to demand a return of an entire consignment if only parts of it are defective.

Products which are not in mint condition, with the exception of defective properties, or whose parts, manuals, software or original packaging are missing or damaged, shall not be taken back and are excepted from the warranty.

In no case are we liable for the costs of dismantling or new assembly, for the associated travel and transport costs or for any damages resulting directly or indirectly from the delivered item or its use.

Any modifications or **repair work carried out without our written approval as well as the non-observance of our operating instructions invalidate our warranty obligation** unless they concern measures taken by the customer within the scope of his obligation to mitigate damages.

The operating instructions and circuit diagrams appended to the delivered products are subject to the general terms and conditions of the manufacturer. We assume no liability for the data specified in them if these diverge from the product data.

7. Returns

Goods returns require our **written consent** and may be made only when the goods are in perfect condition and in their original packaging provided they are normally held in stock by us. The customer shall be charged an appropriate fraction of the costs to cover our time and effort.

All returned goods, irrespective of whether the return is due to a customer complaint or to some other agreement on the return of goods, shall always be transported at the **purchaser's cost and risk**.

8. Price lists, technical documentation, drawings, weights and

dimensional tables

All catalogs, data sheets, price lists and brochures supplied by us and all data contained in them are without obligation. We reserve the right to make any changes in construction, technical data and execution.

We also reserve the right to diverge from diagrams, weights and dimensional tables or other such data where this proves to be appropriate in the execution of the order and does not impair the use of the goods by the customer.

Dimensional and weight data are purely approximate.

9. Development orders

For orders whose execution requires special **development work**, the **customer does not acquire any inventors' rights or copyright** to the products developed by us nor to the equipment used to manufacture them, even if he has partially or wholly participated in the development and/or manufacturing costs.

10. License and copyright

The full license and copyright provisions of our suppliers shall be transferred to the customer.

11. Reservation of proprietary rights

We retain our proprietary rights to all sold goods up to full payment of the purchase price. We are entitled to have this reservation of proprietary rights entered in the relevant register as per Art. 715 ZGB (Swiss Civil Code) with no further involvement by the customer or purchaser at their respective domiciles. If the customer delays payment, we may take the goods back according to the legal stipulations. In the event of mixing and processing, we acquire co-ownership rights to the new product according to the value ratio of its component parts. If the goods or products resulting from mixing or processing are resold in compliance with the regulations, the purchaser must expressly recognize our existing (co-)ownership rights and must stipulate payment of the purchase price to us. Income of this kind shall be credited to the purchaser. If the goods are resold on a credit basis, the reservation of proprietary rights is transferred to the purchase price demand. We may inform the debtor, whose identity must be disclosed to us by the customer, of this at any time.

The purchaser is obliged to notify us immediately of any measures that may jeopardize the reservation of proprietary rights (such as distraint). Third parties must also be made aware of the reservation of proprietary rights.

12. Safety regulations

The purchaser is obliged to observe the local safety regulations as well as the corresponding instructions of the personnel.

13. Cancellations and rescheduling

Cancellation of orders requires our **express written agreement** as well as payment of compensation for our outlays in terms of material, payrolls and expenses.

Rescheduling of a confirmed order line is limited to twice per order line. Every further rescheduling request will be charged with a compensation fee of 2.5% of the order line value.

Push-out of order lines and quantities is not accepted for confirmed order lines within 12 weeks from the push-out request date onwards. Push-outs between week 13 and 52 are accepted until week 52 at the latest. Push-out requests for dates later than week 52 are considered as cancellations.

If a new overall order volume affects the volume price, the price difference for shipped order lines will be subsequently charged and applied to any remaining order lines (new OC issued). For newly placed order lines, the volume price according to the price list applies.

A reduction of volumes for order lines confirmed within the reduction request date + 12 weeks is not accepted. For a reduction of the original order volume, the following rules apply: for remaining order quantity volumes, the price according to the price list applies (recalculation). The price for shipped order lines will subsequently be charged according to the volume prices. A compensation payment comprising 25% of the reduced quantity value will be charged.

For Plug & Play drivers, no cancellation or reduction is accepted. For pull-in requests, a service charge according to the necessary effort will be charged. This will comprise a minimum of 10% and a maximum of 30% of the order-line value.

We are entitled to withdraw from all delivery obligations that we have entered into if the financial situation of the customer has significantly worsened or turns out to be otherwise than had been presented to us.

14. Invalidity

If any or several of the provisions of these general delivery and payment conditions are or become invalid, the validity of the remaining provisions is **unaffected**. The invalid provision is then already considered as having been replaced by a new valid one that satisfies the same legal and economic purpose as far as possible.

15. Place of fulfillment

The customer shall choose Biel as the special domicile for the fulfillment of all obligations. This also applies to claims from bills of exchange or checks.

16. Place of jurisdiction and applicable law

The place of jurisdiction is Biel or, by our choice, the domicile of the customer or any other legal place of jurisdiction. **Swiss law** shall apply.

17. Changes and supplements

Any changes to these conditions as well as any explanations that may become necessary under these conditions must be made in writing.

Valid from April 1st, 2015. Supersedes all earlier provisions.

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